

MOR-1

CASE NAME: Pipe Coatings International LLC
CASE NUMBER: 16-33437
PROPOSED PLAN DATE: filed

UNITED STATES BANKRUPTCY COURT

PETITION DATE: 7/6/2015 0:00
DISTRICT OF TEXAS: Southern
DIVISION: Houston

MONTHLY OPERATING REPORT SUMMARY FOR MONTH September YEAR 2016

MONTH	July	August	September	September	YEAR 2016
REVENUES (MOR-6)	0.00	0.00	0.00	0.00	0.00
INCOME BEFORE INT. DEPREC./TAX (MOR-6)	-152,883.00	-163,399.94	-56,210.70	0.00	0.00
NET INCOME (LOSS) (MOR-6)	-202,590.32	-213,107.64	-81,034.89	0.00	0.00
PAYMENTS TO INSIDERS (MOR-9)	0.00	0.00	0.00	0.00	0.00
PAYMENTS TO PROFESSIONALS (MOR-9)	0.00	0.00	0.00	0.00	0.00
TOTAL DISBURSEMENTS (MOR-8)	27,077.20	57,082.32	32,279.38	0.00	0.00

The original of this document must be filed with the United States Bankruptcy Court and a copy must be sent to the United States Trustee

REQUIRED INSURANCE MAINTAINED		EXP. DATE	
AS OF SIGNATURE DATE	YES (X) NO ()	11-30-2016	11-30-2016
CASUALTY	YES (X) NO ()	11-30-2016	11-30-2016
LIABILITY	YES (X) NO ()	11-30-2016	11-30-2016
VEHICLE	YES (X) NO ()	11-30-2016	11-30-2016
WORKER'S	YES (X) NO ()	11-30-2016	11-30-2016
OTHER	YES (X) NO ()	11-30-2016	11-30-2016

Are all accounts receivable being collected within terms? Yes No (X)
Are all post-petition liabilities, including taxes, being paid within terms? Yes (X) No
Have any pre-petition liabilities been paid? Yes (X) No
If so, describe PTO and payroll as approved by the court
Are all funds received being deposited into DIP bank accounts? Yes (X) No
Were any assets disposed of outside the normal course of business? Yes (X) No
If so, describe Debtor sold substantially all assets through court authorized 363 sale
Are all U.S. Trustee Quarterly Fee Payments current? Yes (X) No
What is the status of your Plan of Reorganization? Pending

ATTORNEY NAME: Elizabeth M Guffey
FIRM NAME: Locke Lord LLP
ADDRESS: 600 Travis, Ste 2800

CITY, STATE, ZIP: Houston, TX 77002
TELEPHONE/FAX: 713-226 - 1328

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IN ACCORDANCE WITH TITLE 28, SECTION 1746, OF THE UNITED STATES CODE, I DECLARE UNDER PENALTY OF PERJURY THAT I HAVE EXAMINED THE FOLLOWING MONTHLY OPERATING REPORT AND ANY ACCOMPANYING ATTACHMENTS AND, TO THE BEST OF MY KNOWLEDGE, THESE DOCUMENTS ARE TRUE, CORRECT, AND COMPLETE. HOWEVER THESE ARE INTERNALLY PREPARED FINANCIAL STATEMENTS. THEY HAVE NOT BEEN AUDITED BY AN EXTERNAL ACCOUNTING FIRM. ADDITIONALLY THE FINANCIAL INFORMATION PRESENTED IN THIS MONTHLY REPORT HAS NOT BEEN PREPARED IN ACCORDANCE TO GAAP. DECLARATION OF THE PREPARER (OTHER THAN RESPONSIBLE PARTY) IS BASED ON ALL INFORMATION OF WHICH PREPARER HAS ANY KNOWLEDGE.

Bryan M Gaston (ORIGINAL SIGNATURE)
BRYAN M GASTON (PRINT NAME OF SIGNATORY)

DATE: Revised 07/01/16

CASE NAME: Pipe Coatings International LLC
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COMPARATIVE BALANCE SHEETS

ASSETS	FILING DATE*	MONTH July	MONTH August	MONTH September	MONTH	MONTH	MONTH
	7/6/2016 0:00						
CURRENT ASSETS							
Cash	858.00	7,827.95	-11,255.63	-7,887.10			
Accounts Receivable, Net	98,624.00	98,624.00	98,624.15	98,624.15			
Inventory: Lower of Cost or Market	20,466.00	20,466.00	20,466.46	0.00			
Prepaid Expenses	7,427.00	4,880.00	2,332.29	2,332.29			
Investments							
Other AR Accrued Other	350.00	350.00	349.91	349.91			
TOTAL CURRENT ASSETS	127,725.00	132,147.95	110,517.18	93,419.25	0.00	0.00	0.00
PROPERTY, PLANT & EQUIP. @ COST	3,026,307.00	3,026,307.00	3,026,307.39	0.00			
Less Accumulated Depreciation	2,502,950.00	2,552,598.00	2,602,246.36	0.00			
NET BOOK VALUE OF PP & E	523,357.00	473,709.00	424,061.03	0.00	0.00	0.00	0.00
OTHER ASSETS							
1. Tax Deposits							
2. Investments in Subsidiaries							
3. Electric Deposit							
4. related party receivables	1,883,440.00	1,883,440.00	1,883,440.30	1,883,440.30			
TOTAL ASSETS	\$2,534,522.00	\$2,489,296.95	\$2,418,018.51	\$1,976,859.55	\$0.00	\$0.00	\$0.00

* Per Schedules and Statement of Affairs

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CASE NAME: Pipe Coatings International LLC
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COMPARATIVE BALANCE SHEETS

LIABILITIES & OWNER'S EQUITY	FILING DATE*	MONTH July	MONTH August	MONTH September	MONTH	MONTH	MONTH
LIABILITIES							
POST-PETITION LIABILITIES(MOR-4)		157,365.32	299,194.47	321,065.46			
PRE-PETITION LIABILITIES							
Notes Payable - Secured	91,951.00	91,951.00	91,951.00	91,951.00			
Priority Debt	0.00	0.00	0.00	0.00			
Sales and USE	34,005.00	34,005.00	34,005.00	34,005.00			
FICA/Withholding	0.00	0.00	0.00	0.00			
Unsecured Debt	382,648.00	382,648.00	382,648.00	382,648.00			
Other	2,650,830.00	2,650,830.00	2,650,829.63	2,268,834.61			
TOTAL PRE-PETITION LIABILITIES	3,159,434.00	3,159,434.00	3,159,433.63	2,777,438.61	0.00	0.00	0.00
TOTAL LIABILITIES	3,159,434.00	3,316,799.32	3,458,628.10	3,098,504.07	0.00	0.00	0.00
OWNER'S EQUITY (DEFICIT)							
PREFERRED STOCK							
COMMON STOCK	3,257,719.00	3,257,719.00	3,257,719.00	3,257,719.00			
ADDITIONAL PAID-IN CAPITAL	-5,931,267.00	-5,931,267.00	-5,931,267.00	-5,931,267.00			
RETAINED EARNINGS: Filing Date	2,048,636.00	2,048,636.00	2,048,636.00	2,048,636.00			
RETAINED EARNINGS: Post Filing Date		-202,590.32	-415,697.96	-496,732.85			
TOTAL OWNER'S EQUITY (NET WORTH)	-624,912.00	-827,502.32	-1,040,609.96	-1,121,644.85	0.00	0.00	0.00
TOTAL							
LIABILITIES & OWNERS EQUITY	\$2,534,522.00	\$2,489,297.00	\$2,418,018.14	\$1,976,859.22	\$0.00	\$0.00	\$0.00

* Per Schedules and Statement of Affairs

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(\$0.33)

(\$0.37)

\$0.05

\$0.00

other includes:

intercompany payable	\$2,287,685
accrued bonus	\$354,549
accrued PTO for Sept	\$8,596
	\$2,650,830

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SCHEDULE OF POST-PETITION LIABILITIES

	MONTH July	MONTH August	MONTH September	MONTH	MONTH	MONTH
TRADE ACCOUNTS PAYABLE						
TAX PAYABLE						
Federal Payroll Taxes		893.11	6,049.33			
State Payroll Taxes						
Ad Valorem Taxes						
Property Taxes		3,000.00	0.00			
Other Taxes		1,294.26	0.00			
TOTAL TAXES PAYABLE	0.00	5,187.37	6,049.33	0.00	0.00	0.00
SECURED DEBT POST-PETITION						
ACCRUED INTEREST PAYABLE						
ACCRUED PROFESSIONAL FEES*	83,695.32	164,473.07	165,137.70			
OTHER ACCRUED LIABILITIES						
1. intercompany payables	60,805.00	121,805.00	142,149.40			
2. unsecured	12,865.00	7,729.03	7,729.03			
3.						
TOTAL POST-PETITION LIABILITIES (MOR-3)	\$157,365.32	\$299,194.47	\$321,065.46	\$0.00	\$0.00	\$0.00

*Payment requires Court Approval
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Adjusted for professional fees not accrued

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AGING OF POST-PETITION LIABILITIES
MONTH September

DAYS	TOTAL	TRADE ACCOUNTS	FEDERAL TAXES	STATE TAXES	AD VALOREM, OTHER TAXES	MONTH
0-30	0.00	0.00				
31-60	1,412.13	1,412.13				
61-90	0.00					
91+	0.00					
TOTAL	\$1,412.13	\$1,412.13	\$0.00	\$0.00	\$0.00	\$0.00

AGING OF ACCOUNTS RECEIVABLE

MONTH	July	August	September		
0-30 DAYS					
31-60 DAYS					
61-90 DAYS					
91+ DAYS	134,163.62	134,163.62	134,163.62		
TOTAL	\$134,163.62	\$134,163.62	\$134,163.62	\$0.00	\$0.00

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STATEMENT OF INCOME (LOSS)

	MONTH July	MONTH August	MONTH September	MONTH	MONTH	MONTH	FILING TO DATE
REVENUES (MOR-1)	0.00	0.00					0.00
TOTAL COST OF REVENUES	126,474.00	138,041.88	46,908.58				311,424.46
GROSS PROFIT	-126,474.00	-138,041.88	-46,908.58	0.00	0.00	0.00	-311,424.46
OPERATING EXPENSES:							
Selling & Marketing							0.00
General & Administrative	3,998.00	4,250.88	0.00				8,248.88
Insiders Compensation							0.00
Professional Fees	2,155.00	1,153.66	664.63				3,973.29
Other	20,256.00	19,953.52	8,637.49				48,847.01
Other Depreciation	0.00						0.00
TOTAL OPERATING EXPENSES	26,409.00	25,358.06	9,302.12	0.00	0.00	0.00	61,069.18
INCOME BEFORE INT. DEPR/TAX (MOR-1)	-152,883.00	-163,399.94	-56,210.70	0.00	0.00	0.00	-372,493.64
INTEREST EXPENSE	0.00						0.00
DEPRECIATION	49,648.00	49,648.38	24,824.19				124,120.57
OTHER (INCOME) EXPENSE*	59.32	59.32					118.64
OTHER ITEMS**							0.00
TOTAL INT. DEPR & OTHER ITEMS	49,707.32	49,707.70	24,824.19	0.00	0.00	0.00	124,239.21
NET INCOME BEFORE TAXES	-202,590.32	-213,107.64	-81,034.89	0.00	0.00	0.00	-496,732.85
FEDERAL INCOME TAXES							0.00
NET INCOME (LOSS) (MOR-1)	(\$202,590.32)	(\$213,107.64)	(\$81,034.89)	\$0.00	\$0.00	\$0.00	(\$496,732.85)

Accrual Accounting Required. Otherwise Footnote with Explanation.

* Footnote Mandatory.

** Unusual and/or infrequent item(s) outside the ordinary course of business requires footnote.

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CASH RECEIPTS AND DISBURSEMENTS	MONTH July	MONTH August	MONTH September	MONTH	MONTH	MONTH	FILING TO DATE
1. CASH-BEGINNING OF MONTH	\$857.54	\$7,827.95	(\$11,255.63)	(\$7,887.10)	(\$7,887.10)	(\$7,887.10)	\$857.54
RECEIPTS:							
2. CASH SALES	0.00	0.00					0.00
3. COLLECTION OF ACCOUNTS RECEIVABLE	0.00	0.00	759.00				759.00
4. LOANS & ADVANCES (attach list)	34,047.61	37,998.74	34,888.91				106,935.26
5. SALE OF ASSETS	0.00	0.00					0.00
6. OTHER (attach list)	0.00	0.00					0.00
TOTAL RECEIPTS**	34,047.61	37,998.74	35,647.91	0.00	0.00	0.00	107,694.26
(Withdrawal) Contribution by Individual Debtor MFR-2*							0.00
DISBURSEMENTS:							
7. NET PAYROLL	24,050.79	17,249.61	24,654.05				65,954.45
8. PAYROLL TAXES PAID	1,117.71	1,070.56	6,049.33				8,237.60
9. SALES, USE & OTHER TAXES PAID	0.00		0.00				0.00
10. SECURED/RENTAL/LEASES	0.00	13,430.25	0.00				13,430.25
11. UTILITIES & TELEPHONE	0.00	7,951.70	1,078.78				9,030.48
12. INSURANCE Benefits	1,908.70	7,031.22	497.22				9,437.14
13. INVENTORY PURCHASES	0.00						0.00
14. VEHICLE EXPENSES	0.00						0.00
15. TRAVEL & ENTERTAINMENT	0.00						0.00
16. REPAIRS, MAINTENANCE & SUPPLIES	0.00						0.00
17. ADMINISTRATIVE BANK FEES	0.00	662.67					662.67
18. OTHER (attach list) PNC Loan LEDGER		9,686.31	0.00				9,686.31
TOTAL DISBURSEMENTS FROM OPERATIONS	27,077.20	57,082.32	32,279.38	0.00	0.00	0.00	116,438.90
19. PROFESSIONAL FEES			0.00				0.00
20. U.S. TRUSTEE FEES			0.00				0.00
21. OTHER REORGANIZATION EXPENSES (attach list)			0.00				0.00
TOTAL DISBURSEMENTS**	27,077.20	57,082.32	32,279.38	0.00	0.00	0.00	116,438.90
22. NET CASH FLOW	0.00	-19,083.58	3,368.53	0.00	0.00	0.00	-8,744.64
23. CASH - END OF MONTH (MOR-2)	\$7,827.95	(\$11,255.63)	(\$7,887.10)	(\$7,887.10)	(\$7,887.10)	(\$7,887.10)	(\$7,887.10)

* Applies to Individual debtors only

**Numbers for the current month should balance (match)

RECEIPTS and CHECKS/OTHER DISBURSEMENTS lines on MOR-8

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We do not see our collections AR come in as cash flow as it goes directly to the loan ledger.
9686.31 Amount to the revolver for closure of the Amegy account

\$0.00

CASE NAME: Pipe Coatings International LLC
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CASH ACCOUNT RECONCILIATION
MONTH OF September

BANK NAME	ACCOUNT NUMBER	8026323496 #	#	OPERATING	#	PAYROLL	#	TAX	OTHER FUNDS	TOTAL
BANK BALANCE				0.00						\$0.00
DEPOSITS IN TRANSIT				0.00						\$0.00
OUTSTANDING CHECKS				0.00						\$0.00
ADJUSTED BANK BALANCE				\$0.00		\$0.00		\$0.00		\$0.00
BEGINNING CASH - PER BOOKS				-11,255.63						(\$11,255.63)
RECEIPTS*				759.00						\$759.00
TRANSFERS BETWEEN ACCOUNTS				34,888.91						\$34,888.91
(WITHDRAWAL) OR CONTRIBUTION BY INDIVIDUAL DEBTOR MFR-2				0.00						\$0.00
CHECKS/OTHER DISBURSEMENTS*				32,279.38						\$32,279.38
ENDING CASH - PER BOOKS				(\$7,887.10)		\$0.00		\$0.00		(\$7,887.10)

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*Numbers should balance (match) TOTAL RECEIPTS and
TOTAL DISBURSEMENTS lines on MOR-7

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-7887.1

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PAYMENTS TO INSIDERS AND PROFESSIONALS

Of the total disbursements shown for the month, list the amount paid to insiders (as defined in Section 101(31)(A)-(F) of the U.S. Bankruptcy Code) and the professionals. Also, for insiders, identify the type of compensation paid (e.g., salary, commission, bonus, etc.) (Attach additional pages as necessary).

INSIDERS: NAME/COMP TYPE	MONTH July	MONTH August	MONTH September	MONTH	MONTH	MONTH
1.						
2.						
3.						
4.						
5.						
6.						
TOTAL INSIDERS (MOR-1)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

PROFESSIONALS	MONTH	MONTH	MONTH	MONTH	MONTH	MONTH
1.		0.00	0.00			
2.						
3.						
4.						
5.						
6.						
TOTAL PROFESSIONALS (MOR-1)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

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